

THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF FINANCE



MILLENNIUM CHALLENGE ACCOUNT – TANZANIA

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**MCA-T and TANESCO Conduct Public Lottery for Selecting 30 Communities from Seven Program Regions to Benefit from Lower Electricity Connection Fees**

On 16<sup>th</sup> July 2012, the Millennium Challenge Account–Tanzania (MCA-T), the entity responsible for the management of the implementation of projects funded by the Government of United States of America through the Millennium Challenge Corporation (MCC), conducted a transparent public lottery to select 30 communities from the seven regions of Tanzania mainland where the MCA-T Energy Project is currently being implemented. The 30 communities were selected to participate in a TANESCO pilot program, the Customer Financing Scheme, for which a total of 6,000 D1 Single Phase connections will be available for customers to connect on a first come, first serve basis for **80,000 TZS** each, compared to the normal cost of about **461,004.76 TZS**. In addition to procuring the materials necessary for the 6,000 connections, MCA-T will finance connections for approximately 166 public institutions within 30 meters of the newly constructed MCA-T financed low voltage power lines free of charge. This initiative is being done to enhance ongoing efforts by MCC and MCA-T to improve the livelihoods of low-income Tanzanians.

The Customer Financing Scheme was developed in collaboration between MCA-T and TANESCO to address the concerns that current connection fees are a significant financial barrier for many Tanzanian residents to access electricity, particularly for the peri-urban and rural population. The Customer Financing Scheme is therefore a complement to the broader MCA-T Energy Project, which is investing nearly \$128.4 million USD in the Distribution Systems Rehabilitation and Extension Activity in seven regions: Dodoma, Iringa, Kigoma, Mbeya, Morogoro, Mwanza, and Tanga. By 2013, the anticipated outputs of the MCA-T Energy Project include 1,334 kilometers of medium voltage (33/11 KV) lines constructed, 1,852 kilometers of low voltage lines constructed, increases in grid and primary substation capacity, improvements in policy related financial sustainability of the utilities, temporary employment through construction contracts, as well as capacity building for TANESCO.

The public lottery event was officiated by his excellence the Ambassador of the United States of America to Tanzania, Alfonso Lenhardt. The event also attracted participation of the Permanent Secretary of Ministry of Finance, Mr. Ramadhani Khijjah, who is also the Chair of the MCA-T Governing Board; the Permanent Secretary of the Ministry of Energy and Minerals and Mr. Eliakim Chacha Maswi.

Prior to the event, MCA-T Chief Executive Officer, Mr. Bernard Mchomvu, explained how the lottery would work. As the Customer Financing Scheme is part of the broader MCA-T Energy

Project, with a parallel rigorous evaluation designed to measure the impacts of the Energy Project, Mr. Mchomvu explained that there are 196 communities included in the impact evaluation sample distributed throughout the seven regions, of which 30 would be randomly selected for participation in the Customer Financing Scheme. All communities were given an equal probability of being selected.

Mr. Mchomvu also added that in order to ensure provision of sufficient information to potential customers in the selected areas and a transparent application process is established in each community, TANESCO and MCA-T would partner with an external communications firm to support local efforts. With the selection of communities, the communications firm will move forward at the end of 2012 in order to begin sensitizing communities to the start of the Customer Financing Scheme in January 2013.

The MCA-T Energy Project, funded under the five-year, \$698.1 million Millennium Challenge Compact signed by Presidents Bush and Kikwete in February 2008, intends to improve and expand the supply of reliable electricity which will enhance economic activities, trade and exploitation of tourism potentials in targeted regions. Other components of the Millennium Challenge Compact include significant assistance in the transportation and water sectors, as well as capacity building and technical assistance.

*Millennium Challenge Account-Tanzania (MCA-T) is an autonomous and independent Government Entity established to implement a \$698 million grant that will reduce poverty by improving infrastructure and thereby promoting economic growth. MCA-T is supported by Millennium Challenge Corporation (MCC), a United States government agency designed to work with developing countries. For more information visit [www.mca-t.go.tz](http://www.mca-t.go.tz) or [www.mcc.gov](http://www.mcc.gov).*